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ABSTRACT

The functional content unit on consumer credit is part of a system developed for tutor training and support for adult literacy programs. A key component of the system is the Tutor Support Library, consisting of Instructional Concept Guides (designed as training and reference aids for tutors) and Functional Content Units (intended to help tutors combine reading skill instruction and support in the area of life-coping skills). The unit, constructed to provide a basic understanding of consumer credit while improving reading ability contains: an introduction, a list of critical vocabulary terms, a detailed outline of information and suggestions to assist the tutor in organizing and keeping track of topics covered, and a description of materials related to the topic. A brief discussion describes the way reading skills can be developed through the functional content. A sample lesson combines reading skills and functional skills to demonstrate how tutoring might be approached. Other instructional ideas with references to teaching and resource materials appear at the end of the unit. The guide also includes a reference list (student materials and tutor references) and sample credit contract forms. (Author/MS)

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TUTOR SUPPORT LIBRARY

Consumer Credit as a Topic For Adult Literacy Training

A Functional Content Unit

by

David Memory
Robert A. Palmatier

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THE FUNCTIONAL UNIT

Illiteracy is not an isolated problem facing adult Americans. More often, it is one of many problems confronting them. Their need to learn life-coping skills such as finding jobs, obtaining health services and avoiding credit pitfalls is very great. At first, these needs may be more important than their need to learn to read.

Meeting social and human needs is critical to the development of a trusting, student-oriented, tutoring relationship. Reading skills, however, should not be neglected. Many times, topics which interest students increase their enthusiasm and efforts in learning to read. Most often, life-coping skills information can be presented along with reading skills. They can be used as a source of material for practicing reading skills.

The Functional Content Units of the TUTOR SUPPORT LIBRARY are intended to help tutors combine reading skill instruction and support in the area of life-coping skills. The Units first summarize vital functional content information and vocabulary. A brief discussion follows and describes the way reading skills can be developed through the functional content. A sample lesson combines reading skills and functional skills to demonstrate how tutoring might be approached. Other instructional ideas with references to teaching and resource materials are included at the end of the Units.

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CONSUMER CREDIT AS A TOPIC FOR ADULT LITERACY TRAINING

Introduction to the Unit

Consumer credit is a topic that many people would choose not to have to understand. Some say that they never need to use credit. Others use it but feel that they can afford to leave unexplained the terms used by salesmen and credit officers. Still others do not really trust what goes on but assume that there is no way they can improve the situation. It would be unrealistic to say that an understanding of consumer credit can eliminate all doubts and problems of credit users. But without such an understanding, an individual leaves himself prey to some of his own weaknesses and to the self-interest and, in some cases, outright dishonesty of creditors.

One reason for understanding consumer credit is the increasing frequency with which it is being used. There are certain periodic purchases which Americans are finding more important every year but which many are unable to make with cash. Most people have to borrow to pay for a car. Many use credit to buy major applicances and furniture. And some borrow money to pay for a house or to make improvements on one already owned. If an individual has a basic understanding of consumer credit, he can spend more time planning for a wise purchase

and less time worrying about how to get the money.

It is not terribly uncommon for something unexpected to happen that requires an individual to spend money that he does not have. A major medical expense might force an individual to borrow money. Or a funeral can come at a time when the costs are not easily covered. In such situations the individual is in better shape if he already understands the basic terms and concepts related to credit.

The attractiveness of credit is another reason to understand it. If a person wants something, there is a good chance that he would rather get it sooner than later. Therefore, there is often a tendancy for the individual to let the urge to buy blind him to the demands that credit obligations make. If, on the other hand, an individual already understands most of those demands, at least in general terms, he is more likely to make a realistic assessment of the need to buy something immediately.

The terms that retailers and lenders use to describe credit opportunities are often intentionally designed to understate the expense and risks involved in using those opportunities. An individual who is easily lured on by such advertisements or who is unable to sift through them to the real facts is easy prey for even honest and honorable businessmen.

Regardless of the alertness of consumers, they are still at a disadvantage in dealing with creditors. Businessmen who lend money or sell on credit make a point of knowing what they are doing in order to protect themselves. If something unexpected and unfortunate goes wrong, there is only a remote chance that the creditor will be the one hurt.

Most creditors can afford to use the services of lawyers to insure that their credit transactions both comply with the law and take advantage of the law. If a legal question ever arises, the odds are pretty good that the answer will have been prearranged by a lawyer in favor of the creditor. Lawyers are trained and paid to insure that the law works for their clinets. Creditors know that they can and must use the law to protect their right to what they have temporarily lent to someone else.

Credit reporting agencies also exist to protect creditors. By pooling their information, those who sell on credit or lend money can exert an ever-present control over individuals who would like to be able to use credit if it is needed.

Credit users are also likely to find themselves at a disadvantage during the actual transaction. Even honest and honorable businessmen rarely go out of their way to explain clearly the costs and obligations related to the use of credit. Many people who buy on credit and borrow money would use credit less often if they knew what difficulties and added costs were possible. Therefore, it pays for creditors to avoid making those costs and obligations evident.

Some dishonest and dishonorable businessmen use fraudulent and illegal practices with individuals who think they do not know enough to recognize wrongdoing and complain. Consumers who read poorly are more likely to be the targets of such swindlers than those who read well.

A credit user with little understanding of credit faces the additional possibility of compounding difficulties by dealing inappropriately with them. Becoming angry or ignoring a problem is unlikely to relieve

an individual of a credit obligation. In fact, such reactions to difficulties in paying debts are more likely to create problems than to solve them. The few means available to credit users to relieve themselves of obligations require prompt action. An individual who delays because he does not know what to do is likely to find that there is no longer anything he can do.

This guide to consumer credit is an attempt to deal with these facts. It is intended as a source of information, suggestions, and references to be used both in building an understanding of consumer credit and in improving reading ability. A list of critical vocabulary is included. Following that is an outline of information and suggestions related to consumer credit. There is a discussion of materials related to the topic. Also, there are some specific suggestions for combining reading instruction with discussions about consumer credit. Sample lesson activities are described relating to the assessment of the costs of credit. Possible follow-up lessons are discussed. And lists of student materials and tutor references are provided.

Critical Vocabulary

Some of the terms used in discussing consumer credit have rather technical meanings. Several of those are explained in the outline of information that follows. However, there are other words that have meanings which extend beyond this topic. Some of these are included in the following list of critical vocabulary. The student should find most of these words of value regardless of his specific interests and concerns in this area. The tutor will certainly identify other words

to study as the student dictates language experience articles and as he discusses consumer credit.

account	creditor	possession
appliance	debtor	protection
balance	default	provision
businessmen	furniture	purchase
cancel	guarantee	refinance
charge	installment	requirement
clause	interest	retailer
collateral	lender	security
consumer	merchandise	transaction
contract	merchant	valid
court	obligation	void
credit	payment	warranty

Outline of Information and Suggestions

The following outline of information and suggestions is not meant to be a comprehensive discussion of consumer credit. However, references are made to books that can be used in expanding discussions which the student might find particularly helpful. The outline itself can assist the tutor in organizing and keeping track of topics covered.

Some of the Legal Foundations of Credit Use

This topic is discussed in Handbook of Everyday Law.

I. Some facts about contracts in general and credit contracts in particular.

A. For a contract to be legally valid, four things must be true about it.

1. Both parties --- people or organizations that enter into the agreement --- must voluntarily agree to the terms of the contract. Credit contracts are usually written in such a way that the credit

user, by signing the contract, is stating clearly that he is knowingly and willingly agreeing to its terms. The explanations that lead up to the signing of such contracts may not be nearly so clear. In fact, those explanations may be misleading. But what counts legally is what is on the paper. And written contracts usually say that the credit user knew what he was doing when he did it. Therefore, it indeed pays for the individual to know what he is agreeing to before he signs a credit contract.

2. Another necessary characteristic of a valid contract is that something must be exchanged for something else. If an individual does not receive what he has agreed to pay for on credit, then that contract may not be valid. But most businesses do not allow themselves to get into that trouble. Rather, contracts are usually written to insure that the creditors are protected if the credit users do not meet their end of the bargains.
3. For a contract to be valid, both parties must be legally capable of entering into a contract --- not too young, not drunk, and not insane. Creditors usually make certain that this requirement is met.
4. Also, the subject matter of the contract must be legal. This requirement too is usually met in credit contracts.

B. Valid contracts are legally binding. Most credit contracts are written and used so as to be valid. The credit user who does not go to the trouble to understand a contract that he signs cannot expect to be relieved of the obligations he accepts by signing it.

The law does not protect those who do not make reasonable efforts to protect themselves.

II. Some provisions of the Consumer Credit Protection Act.

This act is discussed in Legal Regulation of Consumer Credit.

A. The Truth-in-Lending Law requires creditors to state clearly in contracts the total amount paid to obtain the credit and the actual rate of interest charged. This law was passed mainly as a means of insuring that consumers will have a reliable basis for deciding which possible source of credit to use. There is no general provision in the law to automatically relieve an individual of his obligations when this information has not been stated clearly. Only when he has used his home as security can the contract be cancelled immediately. Otherwise, the individual has to file suit in court to be relieved of his obligations.

B. When an individual has used his home as security to obtain credit, he is allowed three business days during which he can cancel the contract. The credit user must notify the creditor in writing of his decision to stop the transaction.

C. Another part of this act provides protection to holders of credit cards. The Buying Guide Issue of Consumer Reports includes a discussion of the responsibility for lost credit cards as established by this act.

Some Credit Practices and Concepts to Understand

I. Some provisions in credit contracts to look out for.

Two good discussions of these provisions are in The Consumer's Guide to Better Buying and in Family Money Management.

A. Most credit contracts contain at least one provision by which the credit user agrees to let the creditor keep title to the item purchased or agrees to transfer title or posession of something to the creditor if payments are not made as required in the contract. "Chattel mortgage" and "collateral note" are two terms used to describe a provision by which the credit user transfers title or possession of something to the creditor as security for payment of the debt. A variation of these provisions is an add-on clause, which makes earlier purchases at the same business security for new ones. However, such provisions are rarely labeled in such a way that they can be recognized. Rather, they are worded so as to be legally useful but practically unintelligible.

B. Two practices sometimes used by creditors are designed to enable them to collect directly from the debtor's wages if the debtor fails to keep up with payments. The garnishment of wages involves a court order requiring an employer to deduct payments from the credit user's paychecks. Another practice is the use of a provision in a credit contract which allows the creditor to make an employer deduct payments from the debtor's paycheck. In this case, no court order is necessary.

C. An acceleration clause is a provision in a credit contract which allows the creditor to require that all future installments be paid at once if one or more installments have not been paid when due. This provision is partly a formality to allow the creditor

to take other courses of action if necessary.

D. One step beyond an acceleration clause is a confession of judgement. By this provision the creditor is given the power to enter a judgement of guilty against the debtor without trial if the debtor fails to make his payments. As is true of the other provisions, one of this type is not likely to be understood by a casual reading.

E. Repossession is a common practice made possible through a provision in many credit contracts. It is the forced or voluntary surrender of merchandise resulting from a failure to pay as promised. Even if an individual cannot identify this provision in a credit contract, the odds are good that it is there.

F. Related to this provision is a deficiency judgement. This clause of a credit contract requires that a credit user who has had his purchase repossessed pay the difference between his balance due and the auction price of the purchase and pay any repossession charges and any legal or court costs which arise.

G. If a person cosigns a contract, he is legally obligated to pay a debt if the credit user does not. A cosigner is not simply a reference.

H. Many businesses that sell on credit are not the actual lenders. Rather, such businesses sell credit contracts to finance companies or banks, which then begin to receive the payments from the debtors. These banks or finance companies, called holders in due course, can legally enforce the contracts they buy but often are not obligated to provide the services which the original creditors may have been obligated to provide. Unfortunately, credit contracts rarely

indicate whether or not a purchaser might suddenly find himself with a worthless item that he cannot get fixed or replaced but must continue to pay for.

I. A situation similar to this is often found in the use of bank credit cards. Most contracts used in issuing these cards include a provision that relieves the bank of responsibility for the merchandise purchased. If a consumer is displeased with an item purchased with such a credit card, he cannot withhold payment for the item. He is obligated to pay the bank regardless of the condition of the item.

J. Some credit contracts provide for a final payment that is considerably larger than the earlier ones. Any payment more than twice as large as a regular one is considered a balloon payment and must be labeled as such.

K. Insurance charges are a fee for life or disability insurance to cover the amount of the loan. This insurance is recommended by most creditors but is not required by law.

L. A default charge is an additional charge added to a payment which is not paid when due.

M. A prepayment penalty is a charge deducted from the portion of the finance charge to be returned when a loan is paid off in full ahead of schedule.

II. Some standard terms used in credit contracts.

Family Money Management includes a helpful discussion of these terms.

A. A conditional sales contract or retail installment contract and

security agreement is a contract the individual signs when he buys something on credit. It is an agreement between the creditor and credit user which permits the credit user to receive goods and services at the time of purchase but allows the creditor to retain title to or control over the merchandise until payment is completed.

B. The cash price or total price is the actual cost of the item being bought, including sales tax and installation and delivery fees.

C. The cash downpayment is the portion of the cash price paid in cash.

D. The trade-in allowance is the dollar amount subtracted from the cash price to cover the value of the used merchandise turned over to the seller.

E. The amount borrowed or financed or the unpaid balance is the actual amount of money that is borrowed, often including insurance charges and service charges.

F. The annual percentage rate is the ratio of the finance charge to the average amount of credit in use during the lifetime of the contract. This ratio is expressed as a percentage rate per year.

G. The finance charge is the amount paid in dollars for using credit. This charge often excludes various service and other charges.

H. Service charges are a fee in addition to the finance charge paid to the creditor for handling the account of the credit user.

I. The total of payments, deferred balance, or total amount due is the total dollar amount to be paid excluding the cash downpayment.

J. The deferred payment price is the total price of the item as paid

for according to the terms of the contract.

K. Also included in a credit contract must be the amount of each payment or installment, the number of payments or installments, and the date each payment or installment is due.

Some Tips on Shopping for Credit

I. Advantages of different sources of credit.

Both Family Money Management and The Consumer's Guide to Better Buying have helpful discussions of sources of credit.

A. It is best to choose thirty-day charge accounts when one can pay within that time since most retailers still allow thirty days of free credit.

B. Credit unions usually charge the lowest annual percentage rate available. Banks may charge slightly more. Small loan companies take greater risks and charge higher rates. It is wise to stick to licensed lenders with good reputations.

II. Advisability of having a trusted and knowledgeable friend examine the provisions of a credit contract before it is signed.

A. There is a good chance that the written provisions of a credit contract will be less than clear to someone not familiar with legal terms. In fact, college graduates find some contracts totally baffling. Therefore, an individual in the process of improving his reading should not hesitate to ask someone to try to explain a contract to him.

B. Unfortunately, most creditors who offer contracts should not be

trusted to give complete and accurate descriptions of them. Businessmen rarely go out of their way to explain every provision in a credit contract. They want to make sales. And they want to make money providing credit. Therefore, the individual can assume that they will attempt to explain accurately only those provisions that will not discourage the buyer. And some businessmen might even say things about contracts that quite simply are untrue.

C. There is a chance that a merchant will be unwilling to let an individual take a credit contract to be examined by someone else. Such unwillingness is a good sign that the contract may contain provisions that the individual would object to.

III. Ways to cut down on the cost of credit.

Cutting the cost of credit is discussed in The Consumer's Guide to Better Buying.

A. An individual should borrow only as much as he has to. In other words, he should make as large a downpayment as possible. Credit costs money. And the more credit an individual gets, the more he pays for it.

B. A credit user should make his payments as large as he can afford and pay back the money as quickly as possible. Paying over a longer period of time by making smaller payments means paying more.

C. It is best to avoid small uses of credit and credit buying of items with little resale value. The annual percentage rates charged in these situations are usually higher.

D. There are several things to consider to keep credit costs down

when charge accounts and bank credit cards are used. The Truth-in-Lending Law requires that the method used for computing interest be indicated on the bill. Charge accounts and credit plans using the previous balance method of billing should be avoided because they are usually more costly than the other methods. The unpaid balance or adjusted balance method of billing can be less expensive if the individual makes steady payments on his account and if he makes his payments late in the billing cycle. The best way to cut costs with the average daily balance method is to pay early in the billing cycle. Additional information on billing methods can be found in the Buying Guide Issue of Consumer Reports and in Consumer Survival Kit.

IV. Precautions to take when preparing to sign a credit contract. Similar suggestions are discussed in Consumer Survival Kit and The Consumer's Guide to Better Buying.

A. A credit user should make certain that all blanks in the contract are filled in or crossed out before signing. If blanks are left open, provisions and charges can be added after the individual has signed the contract.

B. The individual should insure that all of the rates and charges are filled in as they were described. This means that he must be able to recognize the terms standardized by the Truth-in-Lending Law. And he must be able to understand the numerical values that those terms identify in the contract.

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Some Things to Consider When Dealing with Problems Involving Credit

I. Some provisions of the Fair Credit Reporting Act.

This act is discussed in Legal Foundations of Consumer Credit, in Consumer Complaint Guide, and in the Buying Guide Issue of Consumer Reports.

A. The Fair Credit Reporting Act requires that a merchant or lender notify an applicant if a credit report on the applicant has been requested. If information in such a report is the reason an applicant has been denied credit, he must be informed of that fact as well. In such situations the individual has a right to examine the report at the credit reporting agency which prepared it.

B. On the basis of the Fair Credit Reporting Act, an individual can challenge information in such a report. Except for a few circumstances, the information in the report can be no more than seven years old. And if the individual feels that other information is incorrect, he can have the agency reinvestigate. If the facts in the report are found to be inaccurate or can no longer be verified, corrections must be sent out to persons who received a report on that individual during the preceding six months in the case of credit investigations. If the agency does not find support for

the individual's claim, he can provide a challenging statement to be attached to any future reports sent out regarding his credit record.

C. Despite the safeguards provided by the Fair Credit Reporting Act, the individual should not underestimate the power of credit reporting agencies. Credit reports can cause an individual to be denied employment, insurance, or credit or can cause him to have to pay higher interest rates for credit. Therefore, the individual should think things through carefully if he sees that he will not be able to keep up payments on a loan or on an item bought on credit.

II. Some common ways of dealing with an inability to keep up payments. The Consumer's Guide to Better Buying, Consumer Survival Kit, and Family Money Management discuss ways to deal with payment problems.

A. If the individual sees that he cannot make a payment on time, he should check with the company about penalties and examine the contract to confirm the statement of the company. Some creditors will allow a short delay of payment without penalty. If an individual gives the impression that he is trying to be a dependable debtor, he has a greater chance of being allowed a late payment or two.

B. If the penalties are too great or if he feels that his total monthly payments for debts are too much for him to handle, he can sometimes arrange for an extension of payment time. The cost of the credit would then increase. But under most circumstances this process of

refinancing a loan would be better than losing purchases or collateral.

C. Another way for the individual to deal with this situation would be to have a bank or loan company lower payments over a longer period of time. Again the individual would end up paying more in interest. But he might avoid defaulting on a loan. And he might learn something about the total of debt payments he can afford each month.

D. If nothing formal can be worked out, it is advisable to at least make steady, though reduced, payments. The creditor might still take the individual to court. But a record of faithful, if small, payments can lead a judge to treat the debtor more favorably than he otherwise would. If the individual simply chooses to stop payments and ignore warnings, the creditor will almost certainly win his case clearly in court. And garnishment of wages or repossession of deficiency payments will follow.

III. Some more dramatic but less certain ways of dealing with problems involving credit contracts.

The Consumer's Guide to Better Buying, Handbook of Everyday Law, and Legal Regulation of Consumer Credit provide additional information in this area.

A. Federal law is beginning to provide a "cooling off" period for certain types of sales contracts. If an individual does have second thoughts about a credit contract that he has signed, it is advisable to check immediately with the creditor to determine

whether the contract can be voided. He will probably say that the contract stands as is. If the individual feels that his contract might be covered by a new federal law, he could check with the Legal Aid Society, a legal services center, the Better Business Bureau, or the district attorney in the area. So far though, the "cooling off" period applies in only a few situations. And few creditors will consider voiding contracts that are legal and profitable. In other words, it does not pay for the individual to assume that he can quickly undo what he has done unwisely.

B. If an individual feels that he has been tricked or forced into signing a credit contract, he must immediately make his desire known to void the contract. Delaying serves legally to indicate that the individual is satisfied with the contract. If the creditor does not voluntarily void the contract, the individual can turn to the small claims court in the area. He should check with the court to determine how to file suit. Another good source of information is Sue the B*st*rds. In this situation, as in others involving consumer credit, it is essential that the individual have available all sales slips, contracts, warranties, and other papers related to the transaction. Again, though, the individual should not expect to be relieved of obligations he has accepted by signing a contract. As has been mentioned, most creditors provide themselves with built-in protection against claims of deception or coercion. It is much easier to find an alternative to unaffordable credit than it is to get a credit contract voided.

C. Occasionally an individual will find that an item bought on credit

does not function the way it is supposed to. His first course of action should be to ask the merchant to repair or replace the item. But if the item is not guaranteed, the individual may have to resort to a small claims court. To an extent courts recognize the obligation of a merchant to insure that the goods he sells are reasonably fit for the purposes for which they are sold. Rather than paying in full for something that does not work, it is worth trying to get help from a court. Again a good reference is Sue the B*st*rds.

Materials Related to the Topic

One of the best ways to learn how to evaluate credit opportunities is to examine credit contracts. Therefore, several sample contracts have been included as part of this guide. The student may have contracts of his own that he would like to examine closely. Also, the tutor may be able to provide additional ones for use during tutoring sessions.

A particularly good source of up-to-date background information in this area is Family Money Management in the Steck-Vaughn Family Development Series. One of the better paperbacks dealing with consumer credit is The Consumer's Guide to Better Buying. The yearly Buying Guide Issue of Consumer Reports also contains helpful suggestions relating to credit. One of the more understandable discussions of the legal foundations of credit is in Handbook of Everyday Law. A very readable guide to using small claims court is Sue the B*st*rds. An added feature of all of these books is that they deal with several topics of interest in addition to consumer credit.

Reading Skill Correlations

The Be Informed Series of New Readers Press includes the booklet "Personal Credit" in which a variety of reading skill exercises are provided. However, this was one of the first titles published in that series, and it is now somewhat out of date. For students reading at the 3rd to 4th grade level, though, it could be used to supplement discussions, vocabulary work, and other activities.

The most effective way to include skills instruction in lessons will probably involve the use of language experience articles. Such articles can provide words to be learned as sight words. Also, material produced in this way can be used for work with word patterns.

During one of the first sessions devoted to consumer credit, the tutor might try to get the student to dictate a story describing some of his experiences with credit. Stories of this nature can help the tutor identify specific questions to be dealt with during later sessions. Discussions of these specific questions could lead to articles on such topics as the nature of contracts, ways for the individual to protect his credit rating, and ways to deal with payment difficulties. In each case, the tutor could introduce important information and discuss it with his student. Then the student would dictate an article summarizing the points he considers important. This article would eventually be used as material for skills instruction.

Vocabulary activities should be an important part of the work in this area. For instance, the tutor could keep his eyes open for ads describing "easy credit terms," "low payments," and the like. During a discussion of ways to cut down the cost of credit, these ads could

be analyzed. And the unrecognized words in them could be taught as sight words. Another source of vocabulary would be any credit contract that the student might bring for examination. Many of the words and expressions used in contract provisions are technical. Nevertheless, the tutor will probably find other important common words that the student would want to learn.

Sample Lesson Activities: Assessing the Costs of Credit Opportunities

One of the essential skills of an informed credit user is the ability to assess the costs of credit opportunities. Fortunately, the Truth-in-Lending Law has standardized the terms used to identify costs in credit contracts. These expressions are listed and defined in the outline of information and suggestions provided above. They are found in the section entitled "Some standard terms used in credit contracts." The student will recognize the importance of these terms if he understands that what is written in a contract, not what is said, is what counts. And he will certainly understand that it saves a lot of time to be able to assess costs on the spot rather than to have to take a contract to someone else to be examined. Therefore, it should be easy to generate interest in studying these terms. Because of their importance and since there are only twelve or so involved, they could be taught directly to virtually any student.

The most effective way to learn them would be in the context of actual credit contracts. For that reason, several sample contracts have been included with this Unit. The student might want to bring to the meeting contracts that he has signed or ones that he is evaluating.

In any case, the student should get practice in locating these terms in actual contracts.

The tutoring session itself should, of course, begin with a review of the words learned during the preceding meeting or, if appropriate, with further practice in reading the language experience article dictated then. The student will probably have comments about topics discussed earlier. And he should be encouraged to describe any further interests or concerns he has about consumer credit. This discussion can be used in helping the tutor identify topics for later sessions.

Using a credit contract to point out tne terms, the tutor could define and discuss each with the student. When the student feels that he understands a term, he could define it in his own words. The tutor could write the term itself on one side of a note card and the student's definition on the other side. The cards would be used for study and eventually be saved by the student for reference.

When the student feels that he can recognize a certain term, he could be asked to locate it on a completed contract and state the numerical value that it identifies. At this stage the student could be allowed to refer to his definition cards. This procedure could be used with each term as the student learns them. Eventually the tutor might want to provide another completed credit contract and have the student identify all of the essential terms and the numerical values associated with them without referring to his cards.

It would be appropriate to point out that these terms are not all that the individual needs to understand to buy credit wisely. Nevertheless, it should be clear to the student that they can help him weed

Tutoring Session Lesson Plan: Assessing the Costs of Credit Opportunities

Goals	Materials and Resources	Procedures
To reinforce learning begun during the preceding lesson.	List of words introduced or article dictated during the preceding lesson.	Have the student say these words and use each orally in a sentence or have him read the article he dictated.
To express concerns and interests related to consumer credit.		Ask the student if he has thought of additional questions about consumer credit that he would like to discuss.
To understand the terms standardized by the Truth-in-Lending Law.	Functional Content Unit on Consumer Credit or Family Money Management and a sample credit contract.	Point out each standardized term in a credit contract and explain its meaning to the student.
To make definition cards for study and reference.	Note cards.	Have the student define each term in his own words when he feels he understands it. Correct his understanding if necessary. Write his definition of each term on one side of a note card and write the term on the other side.
To begin to learn to recognize the standard terms.	A sample credit contract.	Have the student identify the standard terms on a sample contract. Let him use his definition cards if he needs them.
To reinforce his recognition of the standard terms.	A sample completed contract.	Have the student locate the standard terms on a completed sample contract and identify the numerical values associated with them. Have them try this without referring to his definition cards.
To be prepared to assess the costs of a sample credit contract during the next session.	Definition cards.	Suggest to the student that he study his definition cards at home. Tell him that his ability to assess the cost of a credit opportunity will be checked again during the next meeting.

out less desirable options that deserve no further investigation.

Before ending the session, the tutor could suggest that the student study his cards further at home. The student should know that during the next session he will be checked again on his ability to assess the cost of a credit opportunity. The tutor would also want to let the student know what topic will be discussed during the next meeting. Of course, this decision would have been reached on the basis of the interests and concerns expressed by the student.

Ideas for Follow-Up Lesson Activities

A more difficult part of evaluating credit opportunities is the examination of contract provisions. The types of provisions that often appear in credit contracts are discussed in the outline of information and suggestions provided above, in Family Money Management, and in The Consumer's Guide to Better Buying. A lesson similar to the one described above could be developed around these provisions. However, there is the major difference that terms used in these provisions are not standardized by law. In fact, it is not inappropriate to say that the terms used are chosen partly to make these provisions difficult to understand. Therefore, greater emphasis would need to be put on the understanding of concepts and less attention given to the learning of specific terms. But again the examination of sample contracts would be the most effective way to deal with this topic.

Another related lesson could deal with ways to cut down the cost of credit and with precautions to take when preparing to sign a credit contract. A sample contract would again prove helpful in this discussion.

The student himself could probably provide a lot of insightful comments on these topics. Additional information can be found in the outline above, in Family Money Management, and in The Consumer's Guide to Better Buying.

OTHER REFERENCES

Student Materials

Herbert Bholman and Edna Bohlman. Understanding Consumer Credit. Chicago: Follett Publishing Company. A guide intended for high school juniors and seniors, written at the 7th to 9th grade level.

Dorothy Goble. You and Your Money. Austin, Texas: Steck-Vaughn Company, 1967. A discussion of consumer buying and money management, including the use of consumer credit, written at the 3rd to 4th grade level.

Linanne Sacket. "Personal Credit," Be Informed Series. Syracuse: New Readers Press, 1967. A somewhat dated discussion of consumer credit, written on the 3rd to 4th grade level.

Hazel Spitze and Patricia Rotz. Where Does the Money Go? Austin, Texas: Steck-Vaughn Company, 1969. A story approach to consumer buying and money management, including the use of consumer credit, written at the 3rd to 4th grade level.

Stephen Udvari and Janet Laible. Family Money Management. Austin, Texas: Steck-Vaughn Company, 1973. Includes a comprehensive discussion of consumer credit, written at the 4th to 6th grade level.

Tutor References

John Dorfman. Consumer Survival Kit. New York: Praeger Publishers, Inc., 1975. An adaptation of a television series produced by the Maryland Center for Public Broadcasting, including a discussion of consumer credit.

Editors of Consumer Reports. Buying Guide Issue of Consumer Reports. Mount Vernon, N. Y.: Consumer Union, 1974. Includes a general discussion of consumer credit and related topics.

Sidney Margolius. The Consumer's Guide to Better Buying. One of the best general guides to consumer buying in paperback, including a discussion of consumer credit.

Douglas Matthews. Sue the B*st*rds. New York: Dell Publishing Co., Inc., 1975. A readable guide to the use of small claims courts.

Stanley Morganstern. Legal Protection for the Consumer. Dobbs Ferry, N.Y.: Oceana Publications, 1973. A rather technical discussion designed for the knowledgeable layman, available only in hardback.

Stanley Morganstern. Legal Protection in Garnishment and Attachment. Dobbs Ferry, N.Y.: Oceana Publications, 1971. A rather technical discussion designed for the knowledgeable layman, available only in hardback.

Stanley Morganstern. Legal Regulation of Consumer Credit. Dobbs Ferry, N.Y.: Oceana Publications, 1972. A thorough, up-to-date discussion designed for the knowledgeable layman, available only in hardback.

Joseph Rosenbloom. Consumer Complaint Guide. New York: CCM Information Corporation, 1972. Includes discussions of topics related to consumer credit.

Martin Ross. Handbook of Everyday Law. Greenwich, Conn.: Fawcett Publications, Inc., 1967. An understandable discussion of legal principles, including contracts and warranties.

SAMPLE CONTRACTS

In the section that follows are several examples of contract forms used by different agencies and firms.

STATEMENT OF DISCLOSURE
AND LOAN REGISTER

As shown hereon, the amount shown below as the Total of Payments, which is the Amount Financed plus the Finance Charge, is payable in successive monthly instalments. The Number and Amount of instalments are set forth below. The first of said instalments is payable on the 1st Due Date shown below and each subsequent instalment on the same day of each succeeding month thereafter, the final instalment being due and payable on the Final Due Date shown below. The sum of the instalments is shown below as the TOTAL OF PAYMENTS.

LENDER:

Security: The security for this loan is checked below:

Security Agreement dated _____
☐ on Furniture Yr. Make
☐ on Auto _____
☐ Accommod Maker ☐ Real Estate Mortgage
INSURANCE IS INCLUDED IF COST OR PREMIUM IS INSERTED TO THE LEFT HEREON.

Account No. | Type | Sequential Number

Name & Mailing Address of Borrower(s) Spouse

Residence Address ← if not the same

Date of Loan	1st Due Date		Final Due Date	Month. Instals. $	Payable in	Monthly Instalments

If the box alongside the word "Furniture" is checked, the Security Agreement identified by the date shown hereon covers all of the consumer goods of every kind owned by the Borrowers and located at the Borrowers' place of residence set forth hereon, a complete description of such collateral being set forth in said Security Agreement, a copy of which is delivered to the Borrowers and which hereby is incorporated into this Statement of Disclosure by this reference. Such Security Agreement secures future advances or loans made by Lender to Borrowers, at Lender's option, within five years of the date of such Security Agreement.

_____	TOTAL OF PAYMENTS	$_____	Unpaid Balance - Prior Loan
_____	(a) Interest	$_____	Interest
_____	(b) _____ Fee 8% of 1st $600	$_____	Fee
_____	(c) _____ Fee 4% of remainder	[redacted]	
[redacted]		$_____	Time Price Differential
_____	FINANCE CHARGE(a+b+c)*	$_____	Other
_____	AMOUNT FINANCED	$_____	Disability Ins. Cost
_____	[redacted] Disability Ins. Cost	$_____	Life Ins. Cost
_____	[redacted] Life Ins. Cost **	$_____	Hshold. Cont. Ins. Prem.
_____	[redacted] Household Cont. Ins. Prem	[redacted]	
_____	[redacted] Dwelling Ins. Prem.	[redacted]	
_____	[redacted] Auto. Phys. Dam. Ins. Prem	[redacted]	
[redacted]		2_____	Net Balance - Prior Loan
		_____	Nature of Security
_____	Filing Fees-UCC Forms	_____	% ANNUAL PERCENTAGE RATE *
_____	Title Fees	[redacted]	

[redacted]

▶ REFUNDS

At the direction and request of the Borrowers, on their behalf and for their benefit, the Lender has disbursed, from the Amount Financed, the proceeds of loan for Items 2 through 9 shown to the left hereof and for those items shown below as follows:

10. Recording Fees—Real Estate $_____
11. To: _____ $_____
12. To: _____ $_____
13. To: _____ $_____
14. To: _____ $_____

Cash or Check Delivered to Borrowers (Line 1 less sum of lines 2 through 14) $_____

*The Finance Charge is the sum of the Interest, the portion of the Fee at 8% per annum and the remaining portion of the Fee at 4% per annum. See Statement of Loan on reverse side hereof for conditions under which Fee shall not be charged on full amount of the Total of Payments. The **Annual Percentage Rate** is based upon the Fee being computed on the entire Total of Payments, regardless of the actual amount of the Fee being charged.

**Reducing Term Insurance.

SECURITY (cont.) If the box opposite "Real Estate Mortgage" is checked, this loan is secured by a mortgage on real property owned by the Borrowers which is the residence of the Borrowers unless otherwise noted below.

Description of Real Property Other Than Borrower's Residence

_____
Address *City* *County*

DELINQUENT CHARGE—The Lender may collect a delinquent charge, which is equal to five cents per $1.00 for each dollar of an instalment not paid on the fifth day after it is due.

REFUNDS—The Lender shall refund a portion of the Interest to the Borrowers if this loan voluntarily is prepaid in full prior to the Final Due Date computed under the Direct Ratio Refund Method, generally known as the Rule of 78ths, as of the instalment due date following the date of prepayment in full. Any involuntary prepayment in full originating with the acceleration of the maturity of the loan because of default shall cause the Lender to refund to the Borrowers the unearned portion of the Interest computed on a monthly "pro-rata" basis.

Insurance Authorization and Request and Acknowledgment of Receipt of Loan Proceeds and Statement of Disclosure

CREDIT INSURANCE IS NOT REQUIRED BY THE LENDER

The undersigned hereby authorize and request the above identified Lender to arrange for the insurance described below and agree to pay from the proceeds of said loa the identifiable cost thereof as set forth above.

Group credit disability insurance, insuring said Principal Borrower against disability during the term of the loan (as defined by the Date of Loa and the Final Due Date), the benefits of which after 7 days of disability shall be retroactive to the first day of disability and shall be equal fo each day of disability to 1/30th of the monthly instalment on said loan.

REDUCING TERM group credit life insurance insuring the life of the designated Principal Borrower during the term of the loan (as defined by th Date of Loan and the Final Due Date) for the scheduled unpaid balance at the date of death or the net unpaid balance at the date of death whichever is greater.

The undersigned expressly state and agree that this authorization is made voluntarily, not upon any requirement of the Lender or any of the Lender's employees, an acknowledge that the taking of such insurance is entirely optional.

INITIAL THE APPROPRIATE BOX

☐ I desire Credit Disability Insurance
☐ I do not want Credit Disab. Insurance
} Date ....., 19.....
Signature .....

☐ I desire Reducing Term Credit Life Insurance
☐ I do not want Credit Life Insurance
} Date ....., 19.....
Signature .....

The undersigned confirm that by the act of signing and dating their affirmative intent to purchase credit insurance from the Lender the undersigned simultaneousl acknowledged receipt of the Certificate of Insurance issued in connection therewith and setting forth the actual terms of such insurance.

The undersigned further acknowledge receipt from the Lender of a written statement setting forth the premium for insurance written against loss of or damage to property or for liability coverage if obtained through the Lender, which insurance is more specifically identified as follows (check box only if insurance taken):

	Term (Months)	Premium If Obtained Through Lender
☐ *Household Contents Insurance — Fire and Extended Coverage*	_____	$ _____
☐ *Dwelling Insurance — Fire and Extended Coverage*	_____	$ _____
☐ *Automobile Physical Damage Insurance — Fire, Theft and Collision*	_____	$ _____

The Lender hereby advises the Borrowers that the above described insurance coverage may be obtained through a person of their choice and the Borrowers are under no obligation to obtain such insurance through the Lender.

The undersigned further acknowledge that with reference to such above identified insurance coverage so selected, the Lender disclosed the above stated premium for such insurance coverage and, that the undersigned had a choice of the person through which to obtain such insurance coverage.

The undersigned hereby confirms that (1) neither the procurement of the household contents insurance nor the selection of a particular agent was required by the Lender, (2) the Lender informed the undersigned that such insurance could be obtained from any insurance agent or broker and (3) the undersigned understands that he has the option to furnish the same insurance coverage through existing policies of insurance owned or controlled by him.

The undersigned also acknowledge receipt of a Statement of Disclosure prescribed by the Federal Consumer Credit Protection Act and Regulation Z issued thereunder and further agree that the proceeds of loan were received on the date shown below and were disbursed, in accordance with the undersigned's authorization, for the items shown above, receipt of the item designated hereon as "Cash or Check Delivered to Borrowers" hereby being acknowledged.

.....
Principal Borrower

Witness .....Date....., 19.....

.....
Co-Borrower

For the Lender named above.

By .....Manager

The undersigned acknowledges receipt of the Statement of Disclosure — Copy for Spouse of Borrower.

_____
(Spouse of Borrower)

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Contract 1, Part 3

NOTE (Original)

For Value Received, the undersigned jointly and severally promise to pay to the Lender named below, at the Lender's said office, the Face Amount of Loan which is payable in successive monthly instalments. The Number and Amount of the Instalments are shown below. The first of said instalments is payable on the 1st Due Date shown below and each subsequent instalment on the same day of each succeeding month thereafter, the final instalment being due and payable on the Final Due Date shown below.

Interest has been computed on the Face Amount of Loan at the rate of 8% per annum from the Date of Loan shown hereon to said Final Due Date, regardless of the fact that this note is payable in instalments; and said interest has been deducted from said Face Amount of Loan, together with a fee for making said loan equal to 8% of the first $600 of said Face Amount of Loan and 4% of any remaining portion of said Face Amount of Loan in excess of $600.

LENDER:

THE NATURE OF SECURITY FOR THIS NOTE IS:

Security Agreement dated _____

on ☐ Furniture Yr. Make

on ☐ Auto _____

☐ Accommod Maker ☐ Real Estate Mortgage

INSURANCE IS INCLUDED IF COST OR PREMIUM IS INSERTED TO THE LEFT HEREON.

Account No. Type

Name & Mailing Address of Borrower(s) Spouse

Residence Address ← if not the same

Date of Loan	1st Due Date		Final Due Date	Month. Instals. $	Payable in Monthly Instalments

_____ Face Amount of Loan

_____ Interest

_____ _____ Fee 8% of 1st $600

_____ _____ Fee 4% of remainder

_____ Cash Advance

_____ Disability Ins. Cost

_____ Life Ins. Cost

_____ Household Cont. Ins. Prem.

_____ Dwelling Ins. Prem.

_____ Auto Phys. Dam-Ins Prem

No fee has been charged or collected on any part of the loan evidenced by this note that is used to repay a prior loan from the Lender to the undersigned when such prior loan was made within the six months period immediately preceding the Date of Loan, or the loan balance repaid was $100 or less and was made within the two months period immediately preceding said Date of Loan.

If this note is executed and delivered within 15 days after the date of prepayment in full of a prior loan by Lender to undersigned and if such prepayment has occurred during the six months or two months period described in the next above paragraph (whichever is applicable), the fee charged and collected by the Lender will have been computed on only that portion of the Face Amount of Loan which exceeds the amount paid to the Lender during such 15 day period.

Payment in advance may be made hereon in any amount at any time. If this note voluntarily is prepaid in full prior to the Final Due Date (whether by cash, renewal, or financing) the borrower shall receive a refund or credit of a portion of the Interest paid which shall be calculated in accordance with the provisions of Section 25-317 of the Code of Georgia Annotated.

A default in the payment of the full amount of any instalment hereon, at the option of the holder hereof, and without notice or demand, shall render the principal and earned interest due hereon at the date of acceleration at once due and payable and the Lender shall refund any unearned portion of the Interest on a monthly "pro-rata" basis. However, the unpaid principal balance hereof, at the time of acceleration, shall bear no further interest whatsoever between the date of acceleration and the Final Due Date. If any instalment is not paid on the due date or within five days thereafter, said Lender may charge and collect a delinquent charge of five cents per $1.00 for each dollar of the amount of the instalment in default provided that not more than one delinquent charge shall be collected on the same instalment regardless of the period of delinquency.

All parties hereto, including makers, guarantors, sureties and endorsers, severally waive demand and presentment for payment, notice of non-payment, notice of protest and protest of this note and agree that their liability hereunder shall not be affected by any extension of the time of payment of all or any part of the amount owing hereon at any time or times and further waive all rights of exemption under the laws of this or any other state.

In the event this note is not paid in full at the Final Due Date, the unpaid balance of the Face Amount of Loan shall bear interest thereafter at the rate of 8% per annum until this note is paid in full and the undersigned agrees to pay court costs which may be incurred in the collection of this note and attorney's fees equal to 15% of the unpaid balance hereof, if this note is turned over to an attorney for collection, as well as the actual and reasonable expense of repossessing, storing and selling any collateral pledged as security for such defaulted note.

The undersigned acknowledge receipt of a Statement in English as required by Section 25-319 of the said Code of Georgia.

IN WITNESS WHEREOF, the undersigned have hereunto set their hands and seals on the Date of Loan above written.

Signed, sealed and delivered in the presence of:

NOTICE TO CONSUMER

a) Do not sign this agreement if it contains any blank spaces.

b) You are entitled to an exact copy of all papers you signed.

c) You have the right at any time to pay in advance the full amount due under this agreement and under certain conditions to obtain a partial refund of the interest charges.

d) If credit life insurance is required, you have the right to purchase either level term life insurance or reducing term life insurance coverage.

e) This contract provides a right to the creditor or his representatives or assigns to enter upon your premises and take possession of the property, if any, which is collateral securing your obligation and to sell the same either at public or private sale with or without advertisement on such terms as the creditor or its assigns may deem best and to bid and purchase at such sale, all with notice or demand to you, in the event of your default in your obligation.

.....(Seal) .....(Seal)

.....(Seal) .....(Seal)

Contract 1, Part 4

SECURITY AGREEMENT (Original)

KNOW ALL MEN BY THESE PRESENTS, that the Debtors named below, for and in consideration of a loan made to them by the Secured Party named below, the rece whereof is hereby acknowledged, do by these presents grant unto said Secured Party, its successors and assigns, a security interest in the personal property described be in Schedule "A", which is hereby made a part hereof by this reference.

As shown below, the Face Amount of Loan is payable in successive monthly instalments. The Number and Amount of instalments are shown below. The first said instalments is payable on the First Due Date shown below and each subsequent instalment on the same day of each succeeding month thereafter, the final instalm being due and payable on the Final Due Date shown below.

SECURED PARTY:

[redacted]

Account No. | Type

[redacted]

Name & Mailing Address of Debtor(s) | Spouse

Residence Address ← if not the same

Date of Loan	1st Due Date		Final Due Date	[redacted]	Month. Instals. $	Payable in Monthly Instalments

$ _____ Face Amount of Loan

$ _____ Interest

$ _____ _____ Fee 8% of 1st $600

$ _____ _____ Fee 4% of remainder

[redacted]

$ _____ Cash Advance

[redacted]

This Security Agreement secures any a all future advances and loans made by Secured Party to the Debtors, at the option the Secured Party, within five years from Date of Loan shown hereon.

The Debtors warrant and covenant with Secured Party, its successors and assigns, t they exclusively own and possess the perso property or collateral listed below and t there is no lien, claim, conditional purcha title or encumbrance against such property any part thereof except that listed under "Lie and Encumbrances" below. Debtors furth covenant that they will not sell, offer to s hire, rent or encumber said property and th will not remove or attempt to remove su collateral from the premises listed above wi out the Secured Party's written consent.

The Debtors agree, in the event of decla tion of default by the Secured Party, that th shall assemble such collateral and make available to the Secured Party at the Debto place of residence and the Secured Party m dispose of such collateral on said premises. T Debtors' place of residence shall be at the address given above; or, in the event of removal of the collateral or goods from said address with the Secured Party's conse then the address to which such goods are removed. Proceeds of collateral also are secured hereby. Upon declaration of default, the remedies available to the Secured Pa shall be governed by, and the Secured Party shall proceed in accordance with, the provisions of Article 9 of the Uniform Commercial Code of Georgia, Title 109A, Sectio 9-101 to 10-106 of the Code of Georgia, 1933.

The Debtors hereby authorize the Secured Party to file a Financing Statement evidencing the existence of this Security Agreement without obtaining the Debtors' signatu thereto.

If only one debtor be a party to this instrument, all plural words used herein with reference to the Debtors shall be construed in the singular.

IN WITNESS WHEREOF, the Debtors have hereunto set their hands and seals on the Date of Loan above written.

Signed, sealed and delivered in the presence of:

Witness: ..... (Sea

Witness: ..... (Sea

(Husband or Wife of Debtor)

SCHEDULE "A"

Delete in its entirety the description of any category of property not taken as security for a loan.

(a) A certain motor vehicle, complete with all parts, attachments, accessories and equipment now located at the address of the Debtors indicated in the box above, more particularly described in the form entitled "Identification of Security" and dated _____, 19____ which hereby is incorporated into this Securi Agreement by this reference.

(b) All of the consumer goods including household furniture, television sets, electrical appliances, stereo phonographs, furnishings, carpets, draperies, chinaware a other household goods of every kind now owned by Debtors and located in or about the Debtors' place of residence at their address shown hereon in the box above, as mo particularly described in the form entitled "Identification of Security" and dated _____, 19____ which hereby is incorporated into this Securi Agreement by this reference.

(c) Other *(describe)*

☐ The goods described below were sold for personal, family or household use and were purchased with the proceeds of loan secured hereby.

Liens or encumbrances, if any:

INSTALMENT SALE CONTRACT

DEALER NUMBER [ ] CONTRACT NUMBER [ ]

Buyer (and Co-Buyer)—Name and Address (Include—County and Zip Code)	Seller—Name and Address

The seller hereby sells, and the buyer (meaning all undersigned buyers, jointly and severally) hereby purchases, subject to the terms set forth below and upon the reverse side hereof, the following property, delivery and acceptance of which in good order are hereby acknowledged by buyer, viz.:

New or Used	Year Model	No. Cyl.	Make Trade Name	Body Type — If Truck, Give GVW	Model No. or Series	Vehicle Identification No.

If truck—Describe bodies and major items of equipment sold—

Buyer represents that the purchase of said property is primarily for personal, family or household ☐, agricultural ☐, business (other than agricultural) ☐ use (check one).

1. CASH PRICE (including any accessories, services and taxes imposed on the cash sale) ..... $_____ (1)
2. TOTAL DOWNPAYMENT—$_____ (Trade-in (Net)) plus $_____ (Cash Downpayment) Trade-in _____ (Make, Model, Year) ..... $_____ (2)
3. UNPAID BALANCE OF CASH PRICE (Difference between Items 1 and 2) ..... $_____ (3)
4. OTHER CHARGES
   - *A. Cost of Required Physical Damage Insurance ..... $_____ (4A)
   - **B. Cost of Optional Mechanical Breakdown Insurance ..... $_____ (4B)
     BUYER MAY CHOOSE THE PERSON THROUGH WHICH THE INSURANCE IN A AND B IS TO BE OBTAINED.
   - C. Cost of Creditor Insurance for the term hereof
     COVERAGE OF THE BUYER BY ANY SUCH INSURANCE IS NOT REQUIRED BY SELLER.

     CHECK CREDITOR INSURANCE DESIRED
     *** ☐ Life ..... $_____ (4C)
     ☐ Disability (Accident and Health) ..... $_____ (4C)
     ☐ Other (describe) ..... $_____ (4C)

     BUYER'S APPROVAL: I DESIRE TO OBTAIN THE CREDITOR INSURANCE CHECKED ABOVE FOR THE BUYER PROPOSED FOR INSURANCE.

     _____ (Date) Signature BUY— _____ (Buyer's Signature) BUY— _____ (Co-Buyer's Signature)
   - D. Official Fees ..... $_____ (4D)
   - E. Taxes Not Included in Cash Price ..... $_____ (4E)
   - F. License and/or Registration Fees (Itemize) ..... $_____ (4F)
   - G. Certificate of Title Fee ..... $_____ (4G)
   - H. Other (Describe) ..... $_____ (4H)
5. UNPAID BALANCE—AMOUNT FINANCED (Sum of Items 3 and 4) ..... $_____ (5)
6. **FINANCE CHARGE** ..... $_____ (6)
7. TOTAL OF PAYMENTS (Sum of Items 5 and 6) ..... $_____ (7)
8. DEFERRED PAYMENT PRICE (Sum of Items 1, 4 and 6) ..... $_____ (8)
9. **ANNUAL PERCENTAGE RATE** ..... _____ % (9)
10. PAYMENT SCHEDULE: The Total of Payments (Item 7) is payable at seller's office designated below or at such office of any assignee as may be hereafter designated in _____ instalments of $_____ each, commencing _____, 19_____, and on the same day of each successive month thereafter, or as indicated in space below.

Any instalment which is more than twice the amount of an otherwise regularly scheduled equal instalment is a BALLOON PAYMENT.

1. DEFAULT CHARGE IN EVENT OF LATE PAYMENT If any instalment is not paid within 10 days after it is due, a charge will be payable by buyer as follows: 5% of the unpaid instalment or $5 whichever is less.
2. DESCRIPTION OF SECURITY INTEREST Seller retains an interest in the property described above to secure payment and performance of buyer's obligation hereunder, including any additional indebtedness incurred as provided herein, and under any extensions or renewals hereof.
3. PREPAYMENT REBATE Upon prepayment in full buyer is entitled to a rebate of the Finance Charge (Item 6) computed in accordance with the Rule of 78. An acquisition charge of $25 will be deducted in determining the amount of the rebate. No rebate less than $1 will be paid.

Physical Damage Insurance
(Check coverages to be included)

***Required Physical Damage Insurance**
Insurance Company _____

Term: _____ months

☐ $_____ Deductible Collision
And (Select one)

☐ Full Comprehensive including—Fire-Theft and Combined Additional Coverage*

☐ $_____ Deductible Comprehensive including—Fire-Theft and Combined Additional Coverage*

☐ Fire-Theft and Combined Additional Coverage*

*Check if Desired—Towing and Labor costs ☐ Rental Reimbursement ☐

Insurance shall be based upon actual value of property at time of loss, not to exceed limits of liability set forth in the policy, and shall be payable to buyer, seller or seller's assignee, as interests may appear.

****Optional Mechanical Breakdown Insurance**
Insurance Company _____

Term: ☐ 36 months or 36,000 miles, whichever occurs first

Term: ☐ _____

☐ $25 Deductible
☐ $50 Deductible
☐ $_____ Deductible

THE INSURANCE, IF ANY, REFERRED TO IN THIS CONTRACT DOES NOT INCLUDE COVERAGE FOR BODILY INJURY AND PROPERTY DAMAGE CAUSED TO OTHERS.

*** According to terms and conditions set forth in policy or certificate of insurance issued by the insurer as checked below and in "Notice of Proposed Creditor Insurance on Life of Buyer" contained on reverse of buyer's copy of contract.

Buyer Proposed For Life Insurance: The person whose name appears on line A below (co-buyer, if any, on line B, when buyer is a corporation or partnership).

☐ The Prudential Insurance Company of America, Newark, New Jersey, under its Group Policy No. GL-300. The insurance under said group policy does not cover (i) the Buyer Proposed for Life Insurance if age 65 or more on the date of this contract or (ii) suicide within one year therefrom. Under said group policy, the maximum amount of insurance for this contract is $10,000 and the maximum aggregate amount of insurance for this and any other instalment contract of the buyer is $15,000.

BUYER'S AGE STATEMENT AND HEALTH DECLARATION (Applicable Where a Charge Has Been Authorized in 4C Above and Insurance Under Prudential Group Policy GL-300 is Proposed).

Age last birthday of Buyer Proposed for Life Insurance? ☐ Under 65

I, the Buyer Proposed for Life Insurance, understand that the insurance is only available to a buyer who makes the following declarations to induce Prudential to effect such insurance: I do hereby declare that within the past three months (1) I have not consulted or been under the care of a doctor or other practitioner for cancer, and (2) I have not been confined in a hospital or other institution because of any condition of the heart, brain, liver, kidneys or lungs. I hereby authorize any physician or hospital to disclose to Prudential all information concerning my medical history prior to the date of this contract.

Signature
BUY➤ _____
(Signature of Buyer Proposed for Life Insurance)

☐ _____
(If Other Policy, Name Insurer)

_____
(Home Office Address)

Under policy of above designated insurer, maximum amount of insurance under this contract is $_____, and maximum aggregate amount of insurance under this and any other instalment contract of the buyer is $_____.

Notice to the Buyer: Do not sign this contract before you read it or if it contains any blank spaces. You are entitled to an exact copy of the contract you sign.

Executed in quadruplicate, copy of which was delivered to, and receipt is acknowledged by, buyer, this _____ day of _____, 19____.
(Do not date on Sunday)

A Buyer Signs in Ink
BUY➤ _____

Seller Signs in Ink
SEL➤ _____

B Co-Buyer Signs in Ink
BUY➤ _____

By _____
(Title)

The foregoing contract is hereby assigned under the terms of the "Seller's Recommendation, Assignment and Guaranty (**With Recourse**)" on the reverse side.

_____
Seller By (If Corp. or Partnership) (Title)

The foregoing contract is hereby assigned under the terms of the "Seller's Recommendation and Assignment (**Without Recourse or With Limited Recourse**)" on the reverse side.

_____
Seller By (If Corp. or Partnership) (Title)

Z-100 GA. 7-74 (For use in the State of Georgia)

ORIGINAL

ADDITIONAL TERMS

1. For the purpose of securing payment of the obligation hereunder, seller reserves title and shall have a security interest in said property until said obligation is fully paid in cash.

2. No transfer, renewal, extension or assignment of this contract or any interest thereunder, and no loss, damage or destruction of said property shall release buyer from his obligation hereunder. In the event of the transfer and assignment of seller's rights hereunder, the word "seller" shall be understood as referring to the subsequent holder of this contract under such transfer and assignment, except as may be otherwise particularly stated herein. Buyer shall keep said property free of all taxes, liens and encumbrances, and any sum of money that may be paid by seller in release or discharge thereof shall be paid on demand as an additional part of the obligation secured hereunder. Buyer shall not use said property illegally, improperly or for hire; and shall not, without express permission of seller transfer or otherwise dispose of any interest in this contract or said property.

3. (a) In the event either (1) that the obligation payable hereunder includes a charge for the required physical damage insurance, to be procured either by seller or by buyer, for a period less than the full term of this contract, or (2) that said obligation does not include a charge for required physical damage insurance, buyer shall furnish satisfactory evidence that said property continues to be effectively and adequately covered by such insurance at all times during the term of this contract.

Upon failure of the buyer to do so for any reason, seller may, but without prejudice to seller's rights under this contract if it does not, endeavor to procure such insurance, and in the event that seller does procure same, buyer agrees to pay, as an additional part of the obligation secured hereunder, a charge equal to the amount of the premium for such insurance, plus a charge equal to the additional cost of any existing creditor insurance elected by buyer and financed hereunder (Item 4C on face of this contract), together with interest on the total of such additional charges at the highest lawful contract rate, in equal instalments concurrently with the instalments of the total of payments then remaining hereunder.

(b) Proceeds of the aforesaid required physical damage insurance, by whomsoever procured, shall be applied toward replacement of the property or payment of this obligation, at the option of the seller.

(c) In the event that a charge for any physical damage insurance is an item hereinabove included in the obligation payable under this contract or a charge for such insurance becomes included therein at any time hereafter under subparagraph (a) hereof, and in the further event that (1) the insurance company to which the seller is authorized to apply therefor refuses to issue such insurance, or (2) subsequent to issuance thereof and during the term of this contract such insurance is cancelled, then the seller shall apply either an amount equal to the aforesaid insurance charge in the case of (1) above, or in the case of (2) above an amount equal to the unearned portion of the premium for such insurance upon seller's receipt thereof from the insurer pursuant to authorization hereby given therefor, as a credit in reduction of that portion of the total of payments which comprises so much of one or more of the instalments payable on the latest due dates (including the final due date) hereunder as equals the amount herewith provided to be applied, it being understood and agreed that the order of applying said amount to said instalments shall be inverse to the order in which they are payable hereunder and that, in the further event that the seller procures insurance covering solely the interest of seller hereunder pursuant to the provisions next herein set forth in subparagraph (d), the amount to be credited and applied in the aforesaid events shall be reduced by an amount equal to the cost of such insurance covering solely the interest of the seller hereunder.

(d) In the event that (1) at the time of execution of this contract the seller is authorized to apply for the aforesaid required physical damage insurance protecting all interests hereunder and the insurance company to which the seller applies therefor refuses to issue same, or (2) the buyer fails for any reason to furnish satisfactory evidence of such insurance as hereinbefore provided in subparagraph (a) hereof and the seller either is unable to procure such insurance or elects not to endeavor to procure same, or (3) such insurance is procured by the seller or by the buyer but subsequent to the issuance thereof and during the term of this contract such insurance is cancelled, the buyer agrees that the seller may procure insurance covering solely the interest of the seller hereunder, at the buyer's expense for the cost thereof, in which event an amount equal to the cost of said insurance covering solely the seller's interest hereunder shall be paid by the buyer either by means of a reduction, to the extent of such cost, in the amount to be credited and applied pursuant to the provisions of the preceding subparagraph (c) if such provisions are then applicable, or on demand, together with interest on said amount at the highest lawful contract rate, as an additional part of the obligation secured hereunder, in either case as shall more specifically appear in a notice by the seller to the buyer. If the obligation hereunder is so increased, buyer agrees to pay a charge equal to the additional cost of any existing creditor insurance coverage elected and financed hereunder (Item 4C on face of this contract) together with interest thereon at the highest lawful contract rate.

4. Time is of the essence of this contract. The buyer agrees, in the event this contract is placed in the hands of an attorney, not a salaried employe of the holder of the contract, for collection, to pay reasonable attorneys' fees, plus court costs, to the extent permitted by law.

5. In the event that the seller, at the buyer's request, agrees to extend the time for payment of any instalment, the buyer agrees that the charge for such extension shall be the maximum permitted by law.

6. In the event the buyer defaults in any payment due hereunder, or fails to comply with any of the terms or conditions hereof, or a proceeding in bankruptcy, receivership or insolvency is instituted by or against the buyer or his property, or the seller has reasonable cause to believe that the property is in danger of misuse or confiscation, or in the event that the buyer fails for any reason to comply with paragraph 3 (a) above or that said required physical damage insurance (whether procured by the seller or by the buyer) is cancelled by the insurer prior to expiration thereof, the seller shall have the right, at his or its election, to declare the unpaid balance, together with any other amount for which the buyer shall have become obligated hereunder, to be immediately due and payable. Further in any such event, seller or any sheriff or other officer of the law may take immediate possession of said property without demand, and without process, including any equipment or accessories thereto; and for this purpose seller may enter upon the premises where said property may be and remove same. Seller may take possession of any other property in the hereinbefore-described motor vehicle at time of repossession, wherever such other property may be therein, and hold same for buyer at buyer's risk without liability on the part of seller, buyer to be liable for any charges for storing such property incurred by seller. Such repossession shall not affect seller's right, hereby confirmed, to retain all payments made prior thereto by the buyer hereunder.

In the event of repossession of said property, the seller shall have such rights and remedies as are provided and permitted by law, including the right to retain from the proceeds of disposition of said property attorneys' fees in the amount provided in paragraph 4, above, and other legal expenses incurred for the purpose of retaking and disposing of said property. Any surplus shall be paid to the buyer or as otherwise required by law. The buyer shall be liable for any deficiency. The requirement of reasonable notification of the time and place of any public or private sale or other intended disposition shall be met if notice thereof is mailed, postage prepaid, to the buyer and any other person entitled thereto ten (10) days prior to such sale or other disposition of the property.

7. It is mutually understood and agreed that: (a) there is no implied warranty of merchantability, no implied warranty of fitness for a particular purpose and no implied warranty which extends beyond the description of said property on the face hereof; (b) except where the undersigned seller is also the manufacturer of said property and, as such manufacturer, issued to buyer or to a prior buyer of said property said manufacturer's separate written new product warranty in respect hereof and said warranty is in effect at the date hereof, there are no express warranties and no representations, promises or statements have been made by said seller in respect of said property unless endorsed hereon or incorporated herein by reference hereon; but said seller's obligations under any express warranty made and evidenced as aforesaid shall continue in accordance with the terms thereof and regardless of whether said seller shall have transferred and assigned to another said seller's rights hereunder; and (c) buyer will not assert against any subsequent holder as assignee of this contract any claim or defense which the buyer may have against the undersigned seller or the manufacturer or other seller of said property or any component, accessory or part thereof.

8. The seller's acceptance of any instalment or payment after it or the full amount may have become due and payable hereunder shall not be deemed to alter or affect the buyer's obligations or the seller's rights hereunder with respect to any subsequent payments or default therein, nor shall the seller's acceptance of any instalments or payments after any other default hereunder be deemed to constitute a waiver of such other default.

9. Any provision of this contract prohibited by law of any state shall as to such state be ineffective to the extent of such prohibition without invalidating the remaining provisions of the contract.

10. No modification of any of the terms or conditions hereof shall be valid in any event, and the buyer expressly waives the right to rely thereon, unless made in writing duly executed by the seller.

THE SINGER 1 to 36* CREDIT PLAN AGREEMENT

The Singer Company:

In consideration of your selling merchandise and services to me on The Singer 1 to 36 Credit Plan, I agree to the following terms on all credit purchases made by me on The Singer 1 to 36 Credit Plan:

1. I WILL PAY THE DEFERRED PAYMENT PRICE FOR ALL PURCHASES CONSISTING OF THE CASH SALE PRICE AND A FINANCE CHARGE. FINANCE CHARGES (NOT LESS THAN 50 CENTS PER MONTH) NOT IN EXCESS OF THOSE PERMITTED BY LAW WILL BE CHARGED ON THE OUTSTANDING BALANCE FROM MONTH TO MONTH AND WILL BE COMPUTED ON THE PREVIOUS BALANCE SHOWN ON MY MONTHLY STATEMENT LESS CURRENT CREDITS AT A PERIODIC RATE OF 1½% PER MONTH WHICH IS AN ANNUAL PERCENTAGE RATE OF FINANCE CHARGE EQUIVALENT TO 18%. NO FINANCE CHARGE WILL BE ASSESSED ON MY FIRST MONTHLY PAYMENT. IN THE EVENT THAT THE LAW OF THE STATE GOVERNING THE RATE OF FINANCE CHARGE IS CHANGED I AGREE TO THE IMPOSITION OF SUCH REVISED RATE AFTER NOTICE, AND IN ACCORDANCE WITH LAW.
2. I authorize you to investigate my credit record and report my performance of this agreement to the extent permitted by law. You will send me a statement each month, as of a specified billing date determined by you, which will show my new balance as of said billing date. My monthly payment will not be less than the larger of: a. the agreed monthly payment; or b. the monthly payment listed in the schedule of minimum payments below. I will pay the amount due upon the receipt of each statement; however, if within 30 days from my billing date I pay the full amount shown on the statement, no FINANCE CHARGE or service charge on such amount will be charged on any subsequent statement. I may pay more than the required minimum, or the entire balance at any time. My scheduled monthly payment will not decline as my unpaid balance is reduced.
3. To the extent permitted by Law, title to the goods purchased hereunder shall remain in you until the unpaid balance of each separate purchase is fully paid. Payments shall be applied first to the unpaid FINANCE CHARGE and any insurance premiums, then to merchandise of which that first purchased shall be deemed first paid for.
4. If I do not comply with any provision of this agreement, the entire unpaid balance shall, at your option, become immediately due and payable. In such event, I agree to pay the entire unpaid balance upon demand or you may, in the manner and as provided by law, retake any goods not then paid for and pursue any further remedy provided by law including recovery of attorney's fees to the maximum extent permitted by law. You have the right to limit my account balance and future purchases made hereunder. Upon termination of my account, I agree to promptly return the SINGER CREDIT CARD, which shall remain your property. If more than one person signs this agreement, the obligation shall be joint and several. Any provision of this agreement which is in conflict with the statutes of the applicable jurisdiction is hereby amended to conform to the minimum requirements of such statutes. The laws of my state of residence as shown on my monthly statement shall govern. I agree to notify The Singer Company, in writing of any change of address.

SCHEDULE OF MINIMUM PAYMENTS

HIGHEST BALANCE	PAY-MENT	HIGHEST BALANCE	PAY-MENT
Up to 225	$10	390.01-430	$16
225.01-250	11	430.01-460	17
250.01-275	12	460.01-490	18
275.01-310	13	490.01-510	19
310.01-350	14	510.01-530	20
350.01-390	15	530.01-550	21

Above $550 the highest account balance brackets will increase in increments of $20; i.e., $550.01 to $570. For every $20 increase in highest account balance the payment will increase $1.

I hereby make application for the insurance coverage(s) indicated by my check mark (x) below:

(1) CREDIT LIFE INSURANCE that covers the remaining balance in the event of death of the insured as set forth in the certificate filed in the state of residence.

(2) CREDIT PROPERTY INSURANCE that covers the remaining balance in the event of and to the extent of loss or damage by fire or theft to the merchandise as set forth in the certificate filed in the state of residence.

(3) Both CREDIT LIFE INSURANCE & CREDIT PROPERTY INSURANCE.

The purchase of insurance is voluntary on my part and has not been made compulsory by the creditor. The rate for Credit Life Insurance shall not exceed the maximum permitted in the state of residence of the borrower, or $.00125 per dollar per month, whichever is the lesser. The rate for the Credit Property Insurance shall not exceed that rate charged by the insuring company and until further notice, is computed at $.00085 per dollar per month. If not available in my state, I understand I will not be insured nor will I be charged any premium.

1. ☐CREDIT LIFE INSURANCE
2. ☐CREDIT PROPERTY INSURANCE
3. ☐BOTH CREDIT LIFE AND CREDIT PROPERTY INSURANCE

Please Sign Here if Insurance Coverage Is Desired

BUYER'S SIGNATURE

NOTICE TO THE BUYER:

(1). Do not sign this credit agreement before you read it or if it contains any blank spaces.

(2). You are entitled to a completely filled in copy of the credit agreement.

BUYER'S RIGHT TO CANCEL

WHEN A TRANSACTION IS SOLICITED AT YOUR RESIDENCE OR OTHER THAN A SINGER STORE, YOU, THE BUYER, MAY CANCEL THE TRANSACTION AT ANY TIME PRIOR TO MIDNIGHT OF THE FIFTH BUSINESS DAY AFTER THE DATE OF THE TRANSACTION. SEE THE ENCLOSED NOTICE OF CANCELLATION FOR AN EXPLANATION OF THIS RIGHT.

RECEIPT OF A COPY OF THIS AGREEMENT IS HEREBY ACKNOWLEDGED

BUYER'S SIGNATURE

X

STREET ADDRESS DATE

CITY STATE ZIP CODE

THE SINGER COMPANY
BY X

THE SINGER COMPANY
313 UNDERHILL BLVD., SYOSSET, N.Y. 11791

*A TRADEMARK OF THE SINGER COMPANY

FORM 1083-1A (4/74) GEN'L

ORM 153-B

COPY fne 038162

TORE NO._

Contract 4, Part 1

T____

DATE_____19_____

OLD TO_____

DDRESS_____ZIP_____

ELIVER TO_____

PHONE NO._____

		COD	LAY-BY	CASH	DELIVERY DATE	PM'S	NAME	SALESMAN	NO.	APPROVED
EW										
DD										
EOPEN										

W	QNTY.	SKU NO.	FACTORY NO.	ARTICLE	CODE	DEPT.	AMOUNT		T

RETAIL INSTALLMENT CONTRACT

NOTICE TO BUYER: a. Do not sign this before you read it or if it contains any blank spaces. b. You are entitled to an exact copy of the paper you sign. c. You have the right to pay in advance the full amount due and on the basis of item #12 on the reverse side obtain a partial refund of the finance charge. d. You have the right to choose the person through whom the insurance listed hereon is placed, and the inclusion of insurance herein is not a factor in the extension of credit. e. Finance charge starts accruing on date of delivery.

(1)	Total Price (Exclusive items below)	
(2)	Sales Taxes (State, County, City)	
(3)	Fire & Extended Cov. Insurance_____Mos.	
(4)	Group Credit Life Insurance_____Mos.	
(5)	Time Price Differential (Finance Charge)	
(6)	TOTAL PRICE (Continued below)	

I hereby request coverage under the group credit life policy issued by_____ I hereby agree to pay the charges for this coverage listed above. The purchase of insurance is not required for credit.

(Signed)_____(Date)_____

THE TOTAL DEFERRED PAYMENT PRICE of the property covered by this agreement is computed as follows:

(7)	Cash Price (add items 1 & 2)	$_____	(12) Total FINANCE CHARGE (Item 5)	$_____
(8)	TOTAL DOWN PAYMENT $_____ Cash _____ Trade-in	_____	(13) ANNUAL PERCENTAGE RATE OF FINANCE CHARGE	_____%
(9)	Unpaid Balance of Cash Price (item 7 minus 8)	_____	(14) DEFERRED PAYMENT PRICE (7,10 & 12)	_____
(10)	Insurance Premiums (add 3 & 4)	_____	(15) DEFERRED Balance (items 11 & 12)	_____
			(16) Unpaid Prior DEFERRED BALANCE	_____
(11)	Unpaid Balance & Amount Financed (add item 9 & 10)	_____	(17) New Unpaid DEFERRED BALANCE (add items 15 & 16)	_____

Received of upon the terms and conditions hereinafter set forth including the terms and conditions on the reverse side hereof, the above described personal property, delivery and acceptance of which is hereby acknowledged, and for which the undersigned Purchaser agrees to pay the total price set out ((6) Total Price above), in the following manner:

Net_____days, or $_____cash, $_____trade-in, and the deferred balance (#17 above) in_____installments payable at the office of_____ at the rate of $_____each_____commencing_____, 19____ and each_____of each successive month thereafter until paid in full. The final installment payable hereunder shall equal the amount of the deferred balance remaining due.

It is expressly agreed that the title of said property shall remain in said and that it shall have a security interest therein until the entire purchase price, together with time price differential, taxes and insurance shall have been paid in full in cash.

I (or we) certify that I (or we) have examined the above statement including the TERMS AND CONDITIONS ON THE REVERSE SIDE HEREOF, all of which are made a part of this agreement by reference, that I (or we) understand each included item, and that A COPY OF THIS STATEMENT WAS FURNISHED ME (OR US) AT THE TIME OF SALE. "CAUTION — IT IS IMPORTANT THAT YOU READ THIS CONTRACT BEFORE YOU SIGN IT."

WITNESS: given under my hand and seal, this_____day of_____, 19____

_____ (Signed)_____

_____ _____ (Signed)_____ _____

- CONDITIONS -

1-Should any additional merchandise be purchased from hereinafter called the Company, by the purchaser, or by the spouse of the purchaser, during the lifetime of this contract, it is agreed that if no written contract is signed by the purchaser, or the spouse of the purchaser on any such purchases, that all the terms of this contract except the payment plan shall apply to such purchases, including title retention clauses, and that the terms of payment on such additional purchases may be proven by parole evidence.

2-All of said payments are to be made by said purchaser at the office of said company. In the event of default and this contract is collected by an attorney, by suit or otherwise, the purchaser agrees to pay all fees and costs of collection. As against the indebtedness evidenced by this contract, purchaser expressly waives all rights to exemptions of personal property.

3-The said purchaser agrees that he will not remove said property or permit said property to be moved from the address stated herein without the said company's written consent.

4-Loss or damage to said property by fire, theft or otherwise shall not relieve the said purchaser from making the payments herein provided for, nor from any of the other conditions hereof.

5-The purchaser agrees that if any default is made in making any one or more of said payments when due, or should any of the conditions of this contract be violated by the purchaser, then, and in that event, the entire amount of this contract shall immediately become due and payable at the option of the company, in which event the company or its agents shall have the right, without suit or process, to take possession of said goods and chattels, wherever they may be found, and sell the same, or so much as may be necessary, at public auction, for cash, after giving notice by advertisement five days, and shall apply the proceeds of said sale to the discharge of all indebtedness covered hereby, principal, fees and expenses, including ten per cent on the amount due as attorney's fees for collection, and a reasonable attorney's fees for any litigation concerning the debt, and pay any surplus to the purchaser, his, her, or their administrators, successors, and/or assigns.

6-Should said property be left in the custody of any person other than the purchaser including the spouse of the purchaser, if any, or should any conditions of this contract have been violated by the purchaser while the property covered by this Bill of Sale is in the custody of such person, it is agreed that it shall be the duty of such person in whose custody said property then is, to deliver same on demand to the company, and full authority to make such delivery to the company by such person shall be conclusively presumed.

7-In the event the company shall at any time accept a note as evidence of said indebtedness, the same shall not affect the rights of said Company's retention of title for the payment of the indebtedness represented hereby, or should the company accept and hold any property as additional security for the indebtedness represented hereby, the retention of title hereinbefore provided for shall not be affected.

8-The purchaser agrees that the company may revoke this sale and terminate this contract within fifteen days from date by giving the purchaser notice thereof, and refunding (in cash or by check) the amount collected under this contract. This contract contains all the terms and conditions between the parties hereto, and shall not be altered, amended or varied by any verbal agreement. Should any provision of this contract be held unconstitutional or illegal under the constitution or laws of any state, or of the United States, such fact shall not in any manner affect the other provisions of this contract.

9-The parties agree that, in the event all payments on the purchaser's account are current, purchaser may add the amount of additional purchases, plus finance charges, to the balance existing hereunder, it being the express intention of the parties that this contract be construed as an agreement approving a series of transactions. In each such event, the finance charge shall be at an annual percentage rate of not more than 24%, as determined by the laws of the state in which this contract is made, and the amount of finance charges added will be based on the amount of add-on sale for the time the entire account will run, there being no finance charges added to the existing balance by reason of the add-on sale. The Company shall retain a security interest in all merchandise unpaid for, as determined on a first-in, first-out basis. Provided, however, that in the event the Company and the purchaser mutually agree to credit the unearned finance charges as provided in No. 12 below to the existing balance, and finance the remainder of the existing balance and the add-on sale in total, at the annual percentage rate above stated, such handling is approved.

10-The purchaser states that the merchandise listed on the reverse side hereof will be used or are bought for use primarily for personal, family or household purposes.

11-The unearned portion of the finance charge refunded in the event of prepayment, or refinancing under Paragraph No. 10 hereof, is on the basis of applying the same rate of finance charge as used at the time of sale to the amount and period of time being prepaid or refinanced.

State of _____ County of _____

I, _____, a Notary Public in and for the State and County, an officer duly authorized in the State and County aforesaid to take acknowledgements, do certify that on the day and year written on the instrument on the reverse side, personally appeared before me, _____ to me known to be the person described in and who executed the foregoing instrument, and _____ acknowledged before me that _____ executed the same for the uses and purposes therein set forth.

My Commission Expires _____ Notary Public _____

_____ County; State of _____

FORM 133-B

Contract 5

SearsCharge ACCOUNT AGREEMENT

agree to the following regarding all purchases made on my SearsCharge entification:

. I have the following options each monthly billing period:

A. I will pay the entire New Balance within 30 days of the Billing Date shown on each monthly billing statement; or

B. I will pay the deferred payment price for each purchase consisting of the cash price and a FINANCE CHARGE.

(1) The FINANCE CHARGE will be computed upon the AVERAGE DAILY BALANCE of my account in each monthly billing period.

(a) The AVERAGE DAILY BALANCE is determined by dividing the sum of the balances outstanding for each day of the monthly billing period by the number of days in the monthly billing period.

(b) The Balance Outstanding for each day of the monthly billing period is determined by subtracting payments and credits from the previous day's balance excluding any purchases added to the account during the monthly billing period and excluding any unpaid FINANCE CHARGE.

(2) **FINANCE CHARGE** will be determined by applying a periodic rate of **1.5%** per month **(ANNUAL PERCENTAGE RATE** of **18%)** to the Average Daily Balance.

(3) When the Average Daily Balance for a monthly billing period is **$33.00** or less, the **FINANCE CHARGE** for that billing period, at Sears option, will be **50¢** instead of the amount computed above.

(4) No FINANCE CHARGE will be assessed.

(a) In a monthly billing period during which there was no Previous Balance;

(b) In a monthly billing period during which payments and/or credits equal or exceed the Previous Balance;

(c) On unpaid FINANCE CHARGE; or

(d) On purchases during the monthly billing period in which they are added to the account.

(5) I will pay the deferred payment price for all purchases in minimum monthly payments or more within 30 days of the billing date shown on each monthly billing statement according to the schedule below. The minimum monthly payment will be based upon the highest new balance on the account and will change only if subsequent purchases increase the new balance to a bracket of the schedule requiring a higher minimum monthly payment. I have the option of paying more than the minimum payment each month and the right to pay the entire new balance in full at any time without incurring a subsequent FINANCE CHARGE.

he highest "New Balance" is:	The Minimum Payment Will Be:
	Balance
.01 to $ 5.00	$ 5.00
5.01 to 100.00	6.00
100.01 to 120.00	7.00
120.01 to 140.00	8.00
140.01 to 160.00	9.00
160.01 to 180.00	10.00
180.01 to 200.00	11.00
200.01 to 240.00	12.00
240.01 to 280.00	13.00
280.01 to 320.00	14.00
320.01 to 360.00	15.00
360.01 to 400.00	16.00
400.01 to 440.00	17.00
440.01 to 470.00	17.00
470.01 to 500.00	18.00

er $500.00 — 1/28th of Highest Account Balance rounded to next her whole dollar amount.

(6) If I fail to pay any Minimum Payment when due, Sears may declare my entire balance due and payable.

(7) Each payment shall be applied to merchandise and services as follows: first to unpaid FINANCE CHARGE; then, as to items purchased on different dates, the first purchased shall be deemed first paid for, as to items purchased on the same date, the lowest priced shall be deemed first paid for.

(8) Sears will send me a statement each month which will show: my previous balance (last month's new balance), AVERAGE DAILY BALANCE, new balance, scheduled payment, FINANCE CHARGE, purchases, payments and credits, and the amount of my monthly installment coming due.

2. Sears waives the right to retain or to acquire any lien arising solely by operation of law in real property used or expected to be used as my principal residence. This provision is not applicable to judgment liens.

3. These terms are available to Georgia residents only. I understand that my FINANCE CHARGE and other credit terms are based upon the law of my State of Residence. If I change my State of Residence I will inform Sears, and Sears will provide me with a new credit agreement containing the FINANCE CHARGE and other credit terms applicable to my new State of Residence.

4. Sears is authorized to investigate my credit record and report to proper persons and bureaus my performance of this agreement.

NOTICE TO BUYER: (1) DO NOT SIGN THIS CONTRACT BEFORE YOU READ IT OR IF IT CONTAINS BLANKS (2) YOU ARE ENTITLED TO A COPY OF THIS CONTRACT. KEEP IT TO PROTECT YOUR LEGAL RIGHTS. (3) YOU HAVE THE RIGHT TO PAY IN ADVANCE THE FULL AMOUNT DUE. RECEIPT OF A COPY OF THIS AGREEMENT IS ACKNOWLEDGED.

_____

(Customer's Signature)

Address _____

ACCEPTED:

SEARS, ROEBUCK AND CO.

Address _____

By _____ Date _____

14421-433 8/74 GA